TACOM

The Soldier and Ground Systems
Life Cycle Management Command

One Team Committed to Soldiers
ILSC
INTEGRATED LOGISTICS SUPPORT CENTER

CPFR
At
TACOM

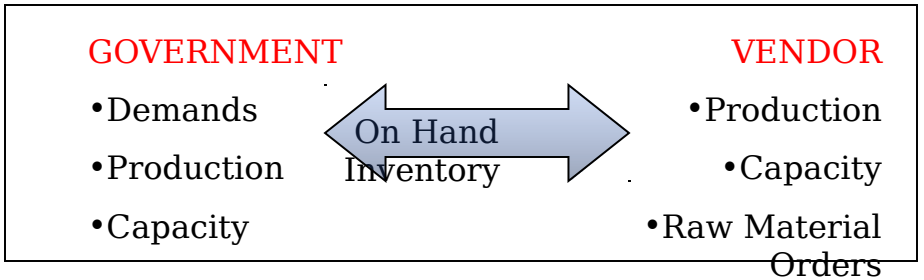
Briefer: Pat Dempsey-Klott
C, e-Business Team

AGENDA

- What is CPFR
- Definition of Collaboration
- Why is Supply Chain Collaboration Important
- Background
  - The Bullwhip Effect
  - Vendor Initiated Parts Resupply (VIPR)
- Implementation of CPFR at TACOM
- Things to Remember
- Contact Information
- Questions

WHAT IS CPFR?

- Collaborative Planning, Forecasting & Replenishment is an Industry Standard for Trading Partner Collaboration
- Voluntary Inter-Industry Commerce Standards (VICS) Sponsored New CPFR Working Group in 1996
- Purpose: To Improve the Partnership Between Government and Industry Through Collaborative Processes and Information Sharing
- Collaboration Examples:



- **CPFR = Primarily Applicable to Long Term Business Relationships**

Definition of Collaboration

"….managing interdependencies to maximize shared
and enhance individual goals, with a focus on compl
problem-solving or joint innovation."

- Voluntary Interindustry Commerce Standard
Secretariat for CPFR

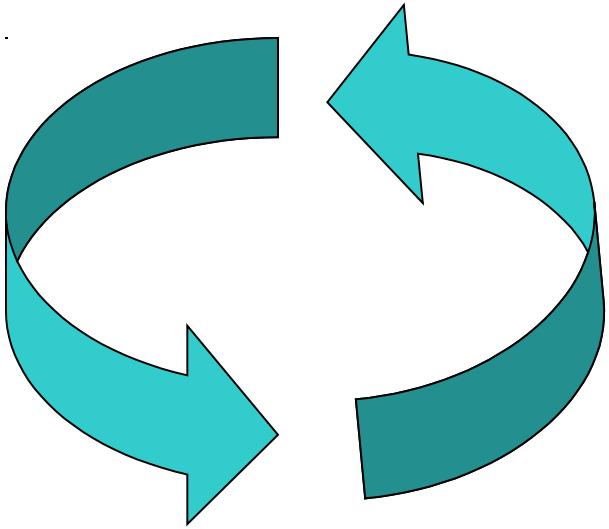
HOW CPFR WORKS

Educate

- **Business process flow**
- **How trading partners plan and execute**

Execute

- **Measure and monitor results**
- **Continuously improve**



Share

- **Information and knowledge**
  - **What to share**
  - **How to share**
  - **When to share**

Agree

- **When and how to collaborate**
- **Improvements and benefits that will be gained**

EXAMPLES of INFORMATION SHARING

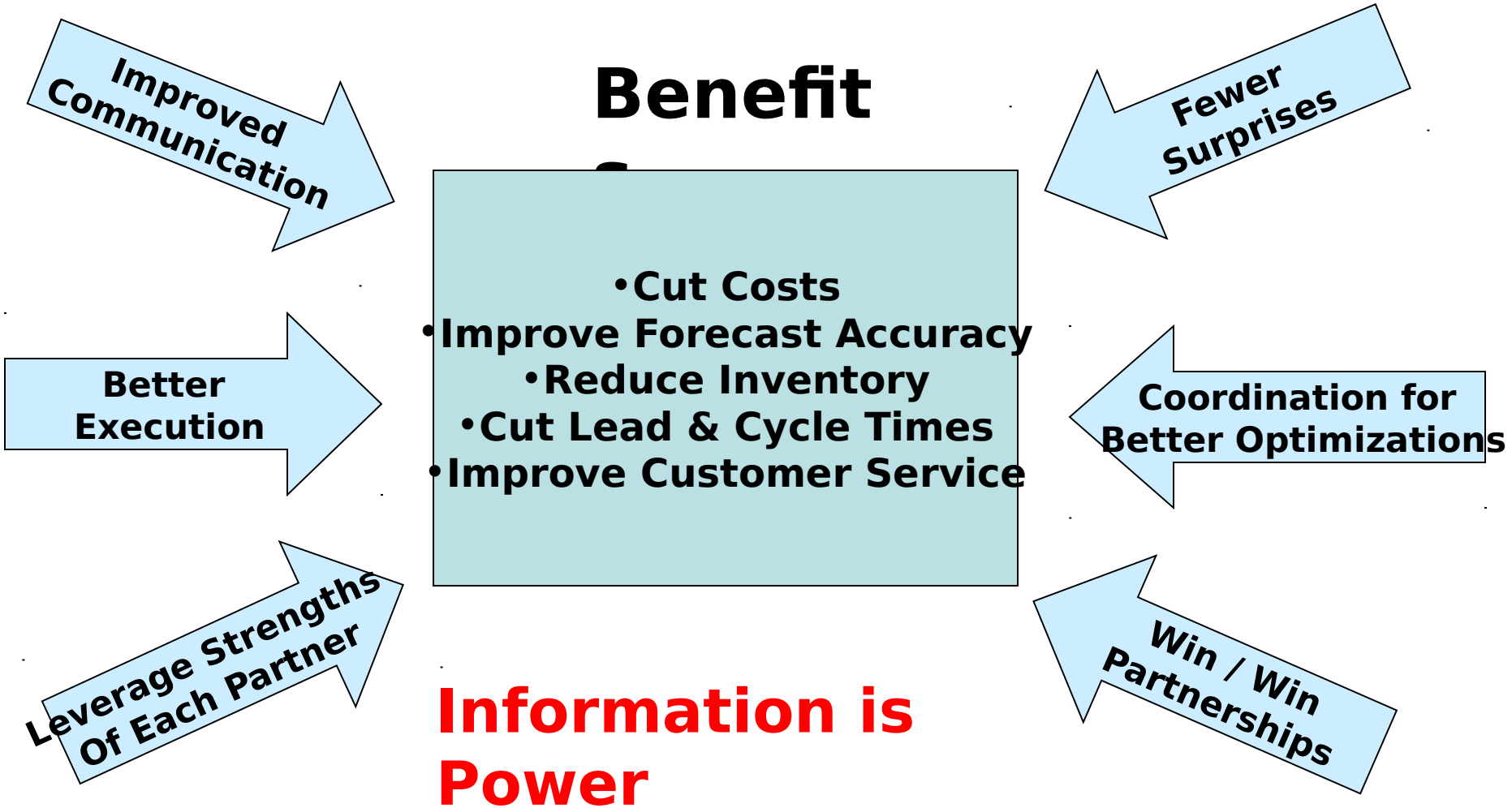
GOVERNMENT

- Active Storage Locations
- Fleet Density
- Two Year Demand history
- Safety Level Requirements
- ALT/PLT
- Base AMD
- ROWP
- Total On Hand
- Demands/Type of Demands
- Requirements Forecast
- Known Contingencies
- Funding Issues

VENDOR

- Vendor On Hand Inventory
- Production Rates
- Capacity
- Surge Capacity
- Raw Material issues
- Production Issues
- Forecasting

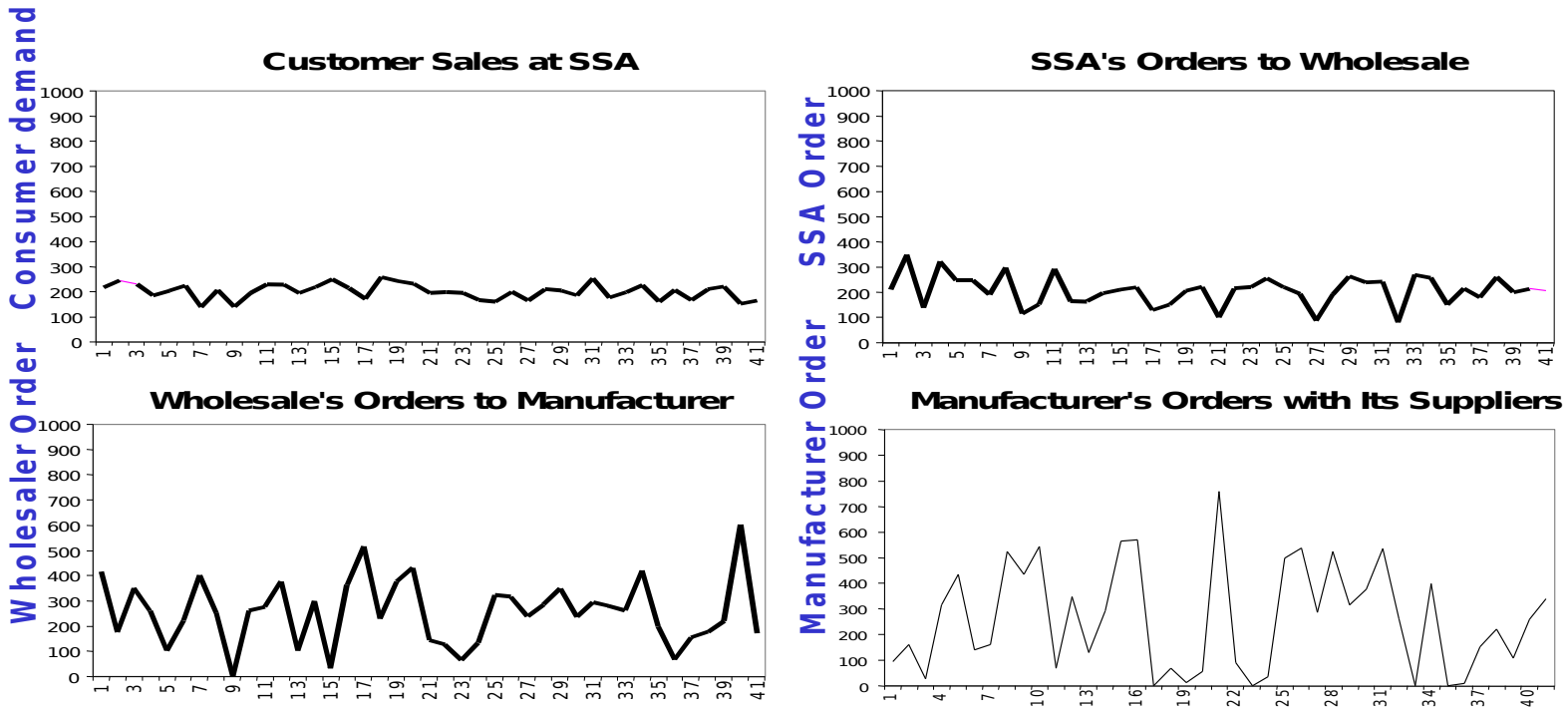
WHY SUPPLY CHAIN COLLABORATION IS IMPORTANT



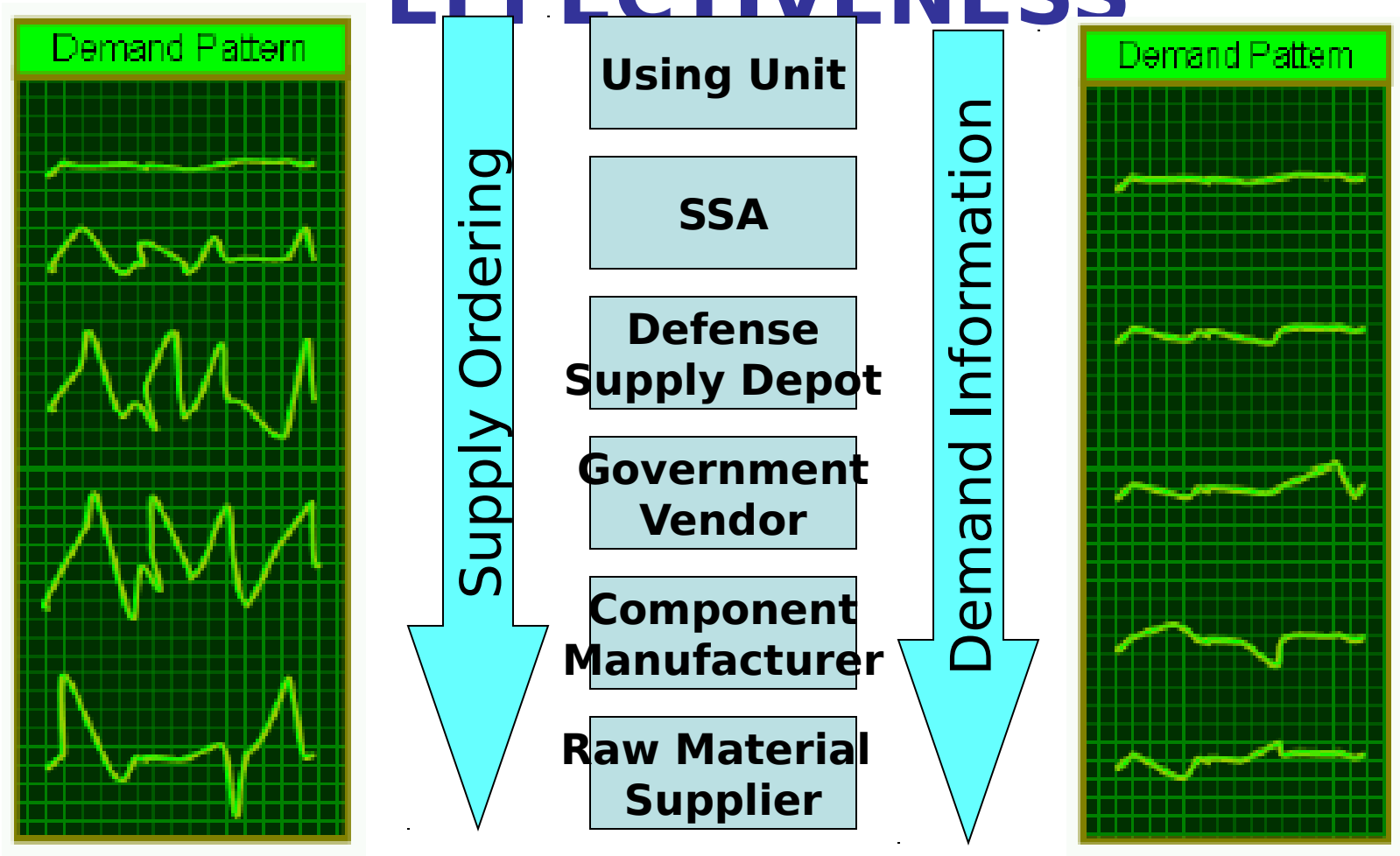
Information is Power

BACKGROUND

The Bull Whip Effect



SUPPLY CHAIN EFFECTIVENESS



Less Effective, More Costly

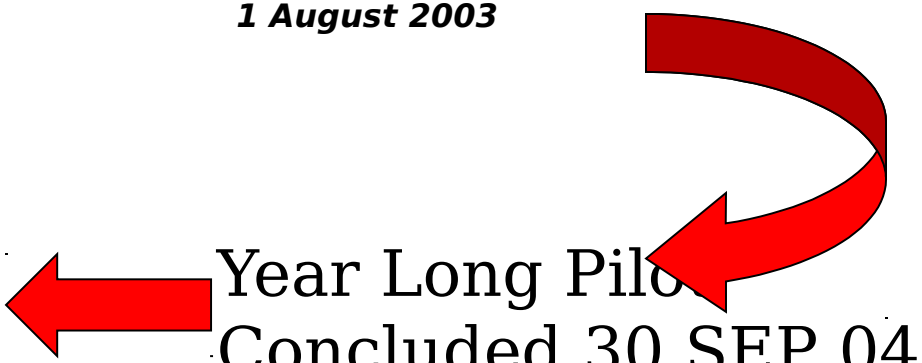
More Effective, Less Costly

VIPR PILOT DIRECTIVE

"… closing the loop from order to retail, creating a 'Wal-Mart' like system for notifying suppliers when a part is issued to a consumer… extend the ERP system at DLA, and integrate the ERP system that is transforming AMC into a seamless Logistics Information network… purpose of being forward leaning with regard to automating resupply…"

Mr. Michael Wynne
Acting Under Secretary of Defense for Acquisition, Technology and Logistics
1 August 2003

Management	Vendor	#NIINs	Total NIINs
TACOM Managed	AM General	1	21
	Barnes	8	
	Goodyear	4	
	Michelin	3	
	Oshkosh	5	
DSCC Managed	AM General	9	19
	Oshkosh	10	



Vendor Initiated Parts Resupply (VIPR)

VIPR RECOMMENDATIONS

- Incorporate information sharing capability and Government – Vendor collaboration into emerging Enterprise Resource Planning (ERP) systems
  - *Long Term…Institutionalize the Benefits*
- Establish a DoD collaboration standard for ERPs…OSD sponsorship
  - *Interim…Continue the Momentum*
- TACOM proposed, AMC CG endorsed:
  - TACOM and qualified vendors establish collaborative relationships
  - Exploit that collaboration to improve our Supply Chain Management Responsiveness to the Soldier
- Defense Logistics Agency
  - Continue BSM Supplier Collaboration development …initial capability implemented February 2005 with next implementation scheduled for September 05

Why Is Supply Chain Collaboration Important to the Army?

OPPORTUNITY: Take the best practices* of industry AND the expertise of the Gov't to achieve an END STATE for the ARMY that allows for the prediction of sustainment actions, shortened lead times, and improved responsiveness to the Soldier.

*Enabling Tool = Collaborative Planning and Forecas Replenishment (CPFR)

3 PRIMARY ELEMENTS of COLLABORATION

- **Planning**
  - **Develop a Collaboration Arrangement**
  - **Create a Joint Business Plan**
- **Forecasting**
  - **Sales**
  - **Orders**
  - **Collaborate on the Exceptions**
- **Replenishment**
  - **Order Generation**
  - **Delivery Execution**

*TACOM Will focus more on collaboration between Gov't and Supplier relating to joint requirements planning and forecasting in order to shorten lead times and maximize production capacity, resulting in improved responsiveness to the Soldier.

Not specifically targeted in TACOM's CPFR but, will be a natural outcome

THE CPFR 9 STEPS

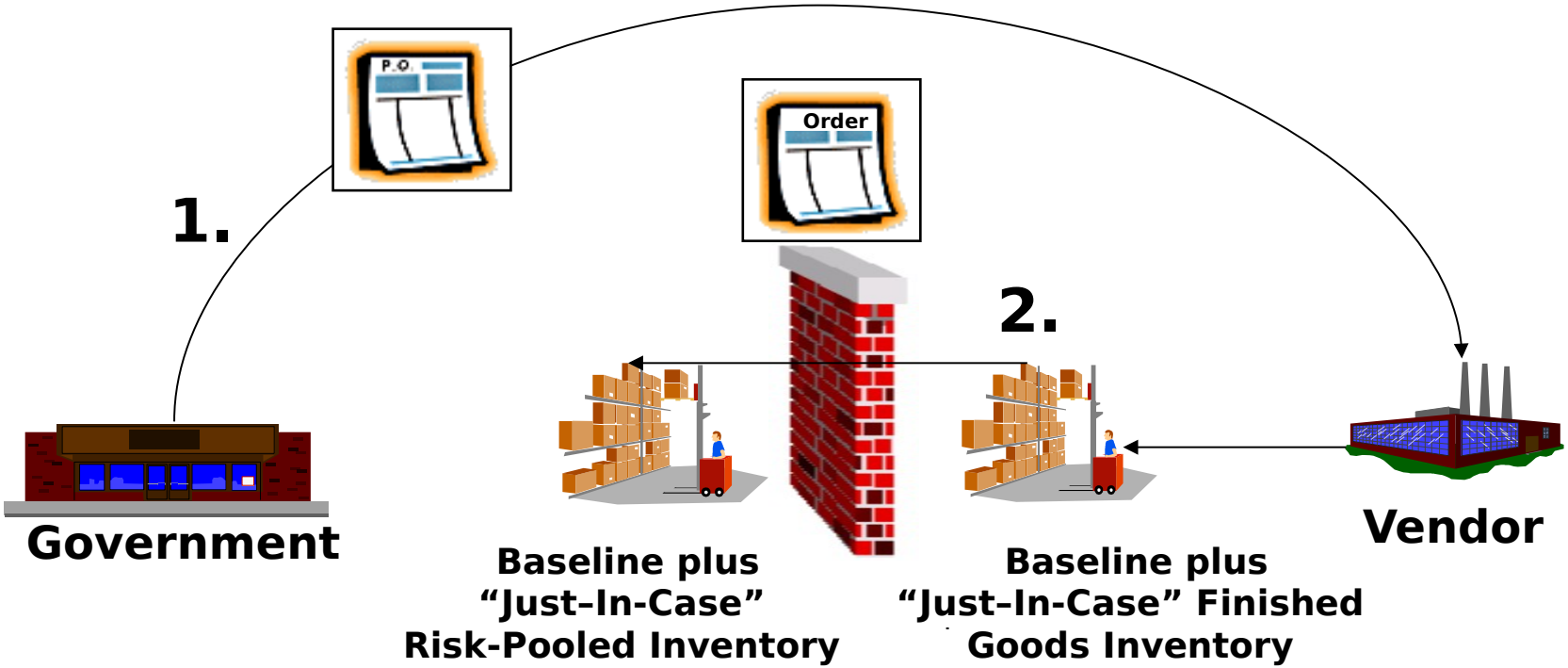
- **Develop Collaborative Arrangement**
  - **What info are we going to Share?**
- **Create Joint Business Plan**
  - **How are we going to do business?**
- **Create Sales Forecast –**
  - **What does the future look like?**
- **Identify Exceptions for Sales Forecast –**
  - **What we know that the supplier doesn't**
  - **What the supplier knows that we don't**
- **Resolve/Collaborate on Exception Items**
  - **How are we going to overcome the exceptions?**
- **Create Order Forecast**
  - **What can we live with and move forward with?**
- **Identify Exceptions for Order Forecast**
- **Resolve/Collaborate on Exception Items**

- **Generate the Orders**

Collaboration

TACOM - Only Actions

BEFORE CPFR – LIMITED COLLABORATION



Characteristics:

- Limited visibility of future demand requirement
- Both partners forecast independently
- Outages cause adversarial relationships

Inventories to buffer against unexpected demand

POST CPFR

Government

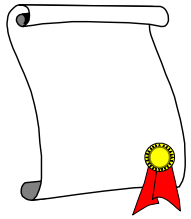
Collaborative Arrangement

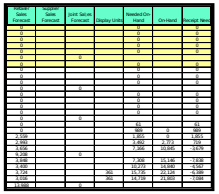
Joint Business Plan

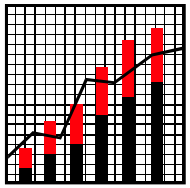
Sales Forecast Collaboration

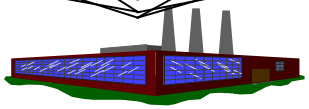
Firm Order Past Fzn Zone

Order Forecasts with tolerances









Vendor

Characteristics:

- Dual insights provide a better forecast demand
- Long term view of demand requirements
- Both partners jointly forecast
- Earlier visibility of issues through the exceptions
- Monitor POS data via the private exchange/web portal; compare to forecast
- Focus of relationship becomes win-win

SUMMARY

- To smooth the supply chain “bull whip” you need accurate visibility of demands
- CPFR is an industry standard “guideline” for collaboration
- Collaboration requires “trust”
- Collaboration is a transformational strategy
  - **Roles and responsibilities can change**
- Collaboration facilitates long-term B2B relationships
- Collaborative partnerships must be win / win
- Collaborative benefits can be huge!

IMPLEMENTATION of CPFR at TACOM

What Do I Need to Do?

IMPLEMENTATION

- Choose an Item or Partner
- Determine What You Want to Collaborate On
- Call Us!

IMPLEMENTATION (con't)

- Choosing an Item
  - Single Item or Family of Items
  - Existing or New Long Term Contract
  - Consider a Repair Program
  - Special Program/Project

IMPLEMENTATION (con't)

- Choosing a Partner
  - Trusted/Committed Vendor
    - Existing Long Term Business Relationship with TACOM a Plus
  - A Vendor Supplying Multiple NSNs
  - Vendor Size Not an Issue

IMPLEMENTATION (con't)

- e-Business Team Will Assist You in Getting Started
  - Conduct Introductory Briefings and Facilitate Initial Meetings with Participants
  - Assist in Establishing Implementation Timeline
- Enable a Secure Interactive Web Portal for Data Sharing
- Set Up Data Feeds for Info Sharing
- Provide Any Other Guidance on CPFR As Needed

IMPLEMENTATION (con't)

Sample Web Portal Screen

NIIN/Name [CLICK FOR DETAILS]	ADMIN LEAD TIME	PRODUCTION LEAD TIME	AVG MONTHLY DEMAND	DEMAND BASE	RO	RP	TOTAL ON HAND
009226915 REPAIR MATERIAL,PNE	0.30	3.70	79.91	12.00	554.00	417.00	374
009226919 LEAK DETECTOR,PNEUM	0.30	3.70	33.30	12.00	231.00	181.00	332
009226920 NEEDLE,INJECTOR TOO	0.30	3.70	68.67	12.00	132.00	105.00	360
009226921 REPAIR KIT,PUNCTURE	0.30	3.70	180.47	12.00	1520.00	895.00	779
009226922 INJECTOR TOOL,TUBEL	0.30	3.70	25.61	12.00	159.00	115.00	148
009226916 BOX,METAL,TIRE REPA	0.30	3.70	20.72	12.00	107.00	76.00	130
009226917 BONDING COMPOUND,TI	0.30	3.70	73.62	12.00	357.00	243.00	89
009226918 APPLICATOR,PLASTIC,	0.30	3.70	88.67	12.00	918.00	798.00	981

Things to Remember

- CPFR is a Long Term effort
  - Takes Time to Build Trust
- Both Partners Should be Open Minded
- Open Communication is Key
- Know Your Partner

CONTACT INFORMATION

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Questions?